

To:

The Secretary of State for Housing, Communities and Local Government; The Secretary of State for Environment, Food and Rural Affairs

16 December 2025

Dear Secretaries of State,

The BNG Federation, representing the leading habitat banks driving the UK's nature market, writes to acknowledge the Government's statement regarding the evolution of the Biodiversity Net Gain (BNG) policy.

We note the confirmation that developments of 0.2 hectares or less will now be exempt from BNG requirements, alongside the move to simplify the regime for residential brownfield sites under 2.5 hectares. We also welcome the continued consultation on Nationally Significant Infrastructure Projects (NSIPs) and look forward to receiving the detailed impact assessments of the changes and any further announcements in the new year.

Since the mandatory implementation of BNG, our members have invested over £200m in creating high-integrity habitats and facilitating a smooth compliance process for developers, which is contributing to the creation of over 2,000 jobs. The BNG market is resilient, and whilst the exemption of sites under 0.2 hectares removes a segment of demand, the BNG sector is agile and prepared to adjust. We are confident that the market will absorb these changes without losing momentum in its primary mission of delivering nature recovery alongside development.

However, for this nascent market to mature, stability is paramount. Constant shifts in the regulatory baseline undermine investor confidence and stall the flow of private capital into nature recovery.

Therefore, we implore the Government to draw a line under these exemptions. We urge you to **go no further** in diluting the mandate.

The success of BNG relies on a stable demand signal. Further exemptions would not only jeopardise the viability of habitat banks established in good faith but would also erode the 'polluter pays' principle at the heart of sustainable development.

The BNG Federation remains steadfast in its commitment to making this policy work for developers of all sizes. Our members are working daily to:

- **Increase market coverage:** Ensuring that high-quality Biodiversity Units are available in every Local Planning Authority (LPA) across England.
- **Provide liquidity:** Creating a deep, liquid market that offers instant, cost-effective solutions for developers, preventing delays to housing delivery.
- **Ensure transparency:** Building a fair and equitable marketplace where pricing is transparent and compliance is frictionless.
- **Provide advice:** Helping developers and homebuilders to navigate the off-site BNG market, get expert advice and access to the Biodiversity Units that they need.

We are proving that environmental responsibility and economic efficiency are not mutually exclusive, and we are addressing any perceived compliance burden by offering seamless, off-site solutions that let developers focus on building homes while we focus on restoring nature.

Finally, regarding the ongoing consultation on Nationally Significant Infrastructure Projects (NSIPs), we cannot overstate the importance of bringing these significant developments fully within the BNG regime. NSIPs, by their nature, have the most profound impact on our landscapes. Mandating BNG for NSIPs would create consistency across projects, reducing planning risk and enabling applicants to have certainty of cost earlier in the process. It is both logical and essential that these projects contribute proportionately to nature recovery.

The BNG industry stands ready to support the infrastructure sector with the large-scale, strategic habitat creation required to mitigate these significant impacts. Excluding or diluting the requirement for NSIPs would create a two-tier system that unfairly penalises smaller developers while letting the largest impacts go unmitigated.

The BNG Federation supports the Government's ambition to build 1.5 million homes, ensuring they do not come at the cost of our natural environment. We ask only for policy stability to deliver on that promise.

Yours sincerely,
BNG Federation Membership